

**AN APPRAISAL OF THE UNDETERMINED ACREAGE LOCATED IN
SECTIONS 3 & 4, TOWNSHIPS 5 NORTH, RANGE 4 WEST, AND
SECTIONS 33 & 34, TOWNSHIP 6 NORTH, RANGE 4 WEST,
JEFFERSON COUNTY, MONTANA**

DATE OF VALUATION

January 31, 2020

FOR

**MONTANA DEPARTMENT OF NATURAL RESOURCES AND
CONSERVATION TRUST LAND MANAGEMENT DIVISION
1539 ELEVENTH AVENUE, HELENA, MT 59620**

**ELKHORN APPRAISAL SERVICES
P.O. BOX 448
HELENA, MONTANA 59624**

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3/18/2020

Montana DNRC
Trust Land Management Division
P.O. Box 201601
Helena, MT 59620-1601

RE: Appraisal of an undetermined acres of un-surveyed land in Sections 3 & 4, T5N, R4W & Sections 33 & 34, T6N, R4W, Jefferson County, Montana

In accordance with the contract with the Department of Natural Resources and Conservation, Trust Land Management Division, I have made the necessary inspection and analysis to appraise the above referenced property. The attached report provides the essential data, and detailed reasoning employed in my final value estimate.

I have appraised the property as a whole, owned in fee simple and unencumbered. I assume no responsibility for matters that are legal in nature nor do I render any opinion as to title.

The property being appraised consists of an undetermined number of acres of vacant un-surveyed land located along Highway 69 Jefferson County, Montana.

The value reported is qualified by certain definitions, assumptions and limiting conditions, hypothetical condition and certification, which are set forth within the attached report. This appraisal report conforms to the Uniform Standards of Professional Appraisal Practice and State of Montana, DNRC reporting requirements.

Based on my analysis, the market value of the subject property, as set forth, documented and qualified in the attached report under conditions prevailing on January 31, 2020 was:

\$2,300 per acre*

* Subject to hypothetical condition on page 8.

I direct your attention to the data, discussions and conclusions which follow.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'G. A. Thornquist', with a small '87' written below the first name.

Gregory A. Thornquist
Montana State Certified
General Real Estate Appraiser
License # REA-RAG-LIC-867
3/18/2020

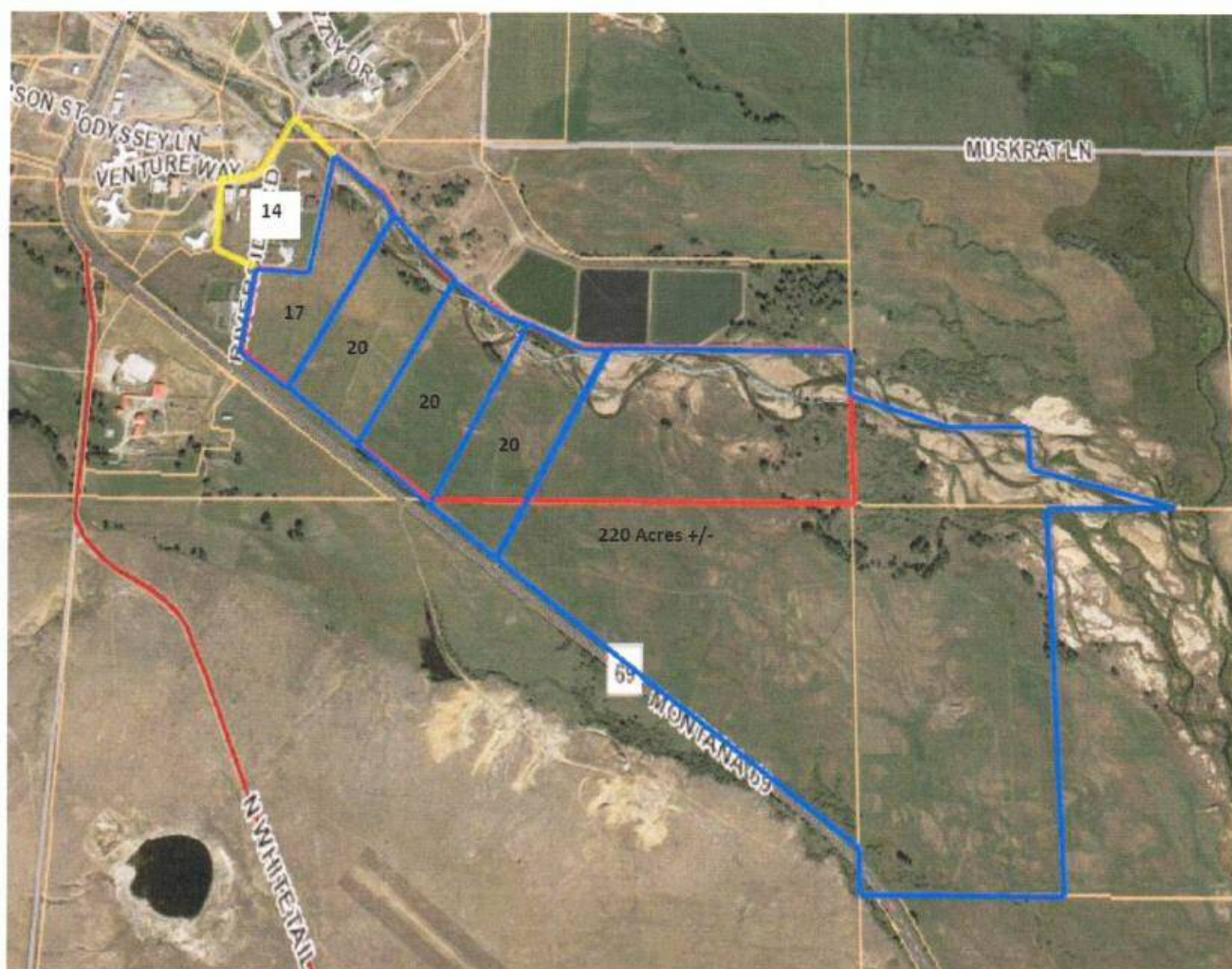
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Addenda

- Contract
- Property Record Card
- Appraisers Qualifications
- Appraisal License

SUBJECT PROPERTY PHOTOGRAPH



Above photo illustrates the approximate location of the subject
(Not to scale)

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

<i>PURPORTED OWNER:</i>	State of Montana
<i>PROPERTY TYPE:</i>	Vacant land
<i>LOCATION OF PROPERTY:</i>	This property is located just south of Boulder, along the northeast side of U.S. Highway 69.
<i>SITE:</i>	Undetermined amount of acres
<i>PROPERTY RIGHTS APPRAISED:</i>	Fee Simple
<i>ZONING:</i>	None
<i>PRESENT USE:</i>	Vacant with no existing lease
<i>HIGHEST AND BEST USE:</i>	Agricultural
<i>DATE OF VALUATION:</i>	January 31, 2020
<i>DATE OF REPORT:</i>	March 18, 2020
<i>VALUE:</i>	\$2,300 per acre*

* Subject to hypothetical condition on page 8.

ASSUMPTIONS AND LIMITING CONDITIONS

This is to certify that the appraiser, in submitting this statement and opinion of value of subject property, acted in accordance with and was bound by the following principles, limiting conditions and assumptions. Unauthorized use of this report is set forth below.

- No responsibility is assumed for matters that are legal in nature nor is any opinion rendered on title of property appraised.
- Unless otherwise noted, the property has been appraised as though free and clear of all encumbrances.
- All maps, areas, plans, specifications, and other data furnished your appraiser were assumed to be correct. No survey of the property was made by this firm. Furthermore, all numerical references to linear measurements, area, volume or angular measurements should be assumed to be "more or less" (+/-) and are accurate to a degree consistent with their use for valuation purposes.
- This appraisal considers only surface rights to the property with consideration of current zoning and land use controls. The estimate of **highest and best** use will form the basis for the value estimate. This appraisal does not consider mineral, gas, oil or other natural resource rights that may be inherent in the ownership of the property.
- In this appraisal assignment, any potentially hazardous material found on the land or used in the construction of the buildings, such as urea formaldehyde foam insulation, petroleum residue, asbestos and/or existence of toxic waste or gases, which may or may not be present on the property, has not been considered. The appraiser is not qualified to detect such substances. Any interested party is urged to retain an expert in this field if there is any question regarding such potentially hazardous material. If such material or substance is present it could adversely affect the value reported herein.
- The appraiser is not a seismologist. This appraisal should not be relied upon as to whether a seismic problem exists, or does not actually exist on the property. The property which is the subject of this appraisal is within a geographic area where earthquakes and other seismic disturbances have previously occurred and where they may occur again. Except as specifically indicated in the report, no seismic or geologic studies have been provided to the appraiser concerning the geologic and/or seismic condition of the property. The appraiser assumes no responsibility for the possible effect on subject property on seismic activity and/or earthquakes. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed seismic requirements by the City or County. It is possible that a survey of the property could reveal that the property does not meet the required seismic requirements. If so, this fact could have a negative effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance requirements in estimating the value of the property.
- All data contained in this report and in the appraiser's files, as obtained from other sources, upon which to any degree the opinions and conclusions were based, are considered reliable and believed to be true and correct. However, the appraiser does not assume responsibility for the accuracy of such items that were obtained from other parties.
- There shall be no obligation to give testimony or attendance in court by reason of this appraisal with reference to the property in question unless arrangements have been previously made and at an additional fee.
- Neither all nor any part of the contents of this report, especially the conclusions to value, the identity of the appraiser or the firm with which he is connected shall be disseminated to the public through advertising media, news media, public relations media, sales media, or any other public means of communication without the prior

written consent of the appraiser.

- Gregory A. Thornquist does not authorize the out-of-context quoting from, or partial reprinting of this appraisal report.
- The liability of Gregory A. Thornquist is limited to the client and to the fee collected. Further, there is no accountability, obligations or liability to any third party. If this report is placed in the hands of anyone other than client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser assumes no responsibility for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, or of a legal nature.
- The fee for this appraisal report is for the service rendered and not for time spent on the physical report or for the physical report itself.
- This appraisal report is prepared for the sole and exclusive use of the client, State of Montana, Montana DNRC Trust Land Management Division. No third parties are authorized to rely upon this report without the expressed written consent of the appraiser.
- This Summary Appraisal Report is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice. As such, it presents only summary discussions of the data, reasoning, and analysis that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analysis is contained in the appraiser's files.

HYPOTHETICAL CONDITION

- This appraisal assumes the property is held in private ownership and not subject to a lease.

SCOPE OF THE APPRAISAL

I initially spoke with John Grimm, Real Estate Section Supervisor, with the Montana DNRC Trust Land Management Division. The DNRC retained Elkhorn Appraisal Service to appraise the subject property. I was provided the following information:

- Scope of work
- Parcel description
- Contact information for inspecting the subject property

At the meeting with Mr. Grimm, it was conveyed the amount of acreage to be transferred is undermined. Therefore, in this analysis, I have established a value on a price per acre basis.

On January 31, 2020, I met with Mark Harvel, DNRC Lands Section Supervisor at the subject site. This is the date of value as well as the date the photographs were taken.

The subject is leased to an adjacent landowner. The land is productive grazing and grassland.

This appraisal is considered to be a “market value” appraisal and as such is based upon the highest and best use of the subject property. Fundamental within the highest and best use analysis is the consideration of the subject’s use, timing of that use, and the most probable buyer and user. This is discussed further in the highest and best use section of this report.

There are five distinct buyer types in a given real estate market; each is identified below:

- Owner-User: Acquires real estate mostly for its use; vacancy and investment yield are not primary criteria. Property suitability is the major objective.
- Passive Investor: Seeks an established income stream; usually does not change the property in any meaningful way; generally prefers long-term ownership.
- Developer: Acquires real estate to physically or legally change it in some significant fashion; accepts substantial risk so expects major reward; short-to-medium holding period.
- Speculative Investor: Buys real estate solely as an investment with most of the reward at termination; property use is not a primary consideration; medium-to-long term holding period; usually buys during weak market conditions, so accepts huge risk. Mantra: Buy low, sell high.
- Pure Speculator: Buys real estate as an investment with most of the reward at termination; property use is usually not a major consideration; buys during conditions of rapidly appreciating prices; short-to-medium ownership period.

The potential buyer for the subject is an owner user.

The neighborhood and surrounding competitive market areas were researched to find comparable market data. Real Estate agents, property owners, and real estate appraisers in Helena were interviewed in an attempt to find

relevant market data. This market data has been confirmed by personal contact with the buyer, seller, broker, and/or property owner.

All of the comparable sales described in the body of the report are shown in detail on the summary sheets in a separate document. Therefore, this appraisal contains limited data with respect to identifying the comparables for confidentially reasons. I did not physically inspect each of the comparable sales but did discuss the sales with someone with knowledge to the transactions.

Effective Date:

The effective date of this appraisal report is January 31, 2020. This is the date of valuation and was the actual date of the property inspection. This appraisal report was completed March 18, 2020.

DEFINITION OF MARKET VALUE

Market value as used in this report was provided by the client and is defined as follows:

(h) Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to provide the client with a credible opinion of current fair market value of the appraised subject property.

INTENDED USE OF THE APPRAISAL AND CLIENT

The intended use of this appraisal is for the decision-making process concerning the potential land swap between State agencies. The client Department of Natural Resources and intended users are the State of Montana, the Montana Board of Land Commissioners, Department of Natural Resources and Conservation (DNRC) and Department of Corrections.

PERSONAL PROPERTY

None

PROPERTY RIGHTS APPRAISED

This appraisal is made with the understanding and assumption that present ownership of the subject property includes all rights that may be lawfully owned, and is therefore, titled in fee simple as of January 31, 2020. A fee simple estate is subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

State of Montana lands are always to be appraised as if they are in private ownership and could be sold on the open market and are to be appraised in **Fee Simple interest**. For analysis purposes, properties that have leases or licenses on them are to be appraised with the Hypothetical Condition the leases/licenses do not exist.

IDENTIFICATION OF PROPERTY AND LEGAL DESCRIPTION

The property which is the subject matter of this report consists of an undetermined number of acres of unsurveyed land located south of Boulder, Jefferson County, Montana along U.S. Highway 69. The legal description as provided by the client is:

Sections 3 & 4, T5N, R4W & Sections 33 & 34, T6N, R4W, Jefferson County, Montana

PURPORTED OWNER

The subject parcel is owned by the State of Montana.

SALES HISTORY OF THE PROPERTY

The subject parcel has been owned by the State of Montana for a number of years. It was reported the subject will remain in the ownership of the State of Montana but will be exchanged Department of Corrections to Trust Lands.

EXPOSURE TIME

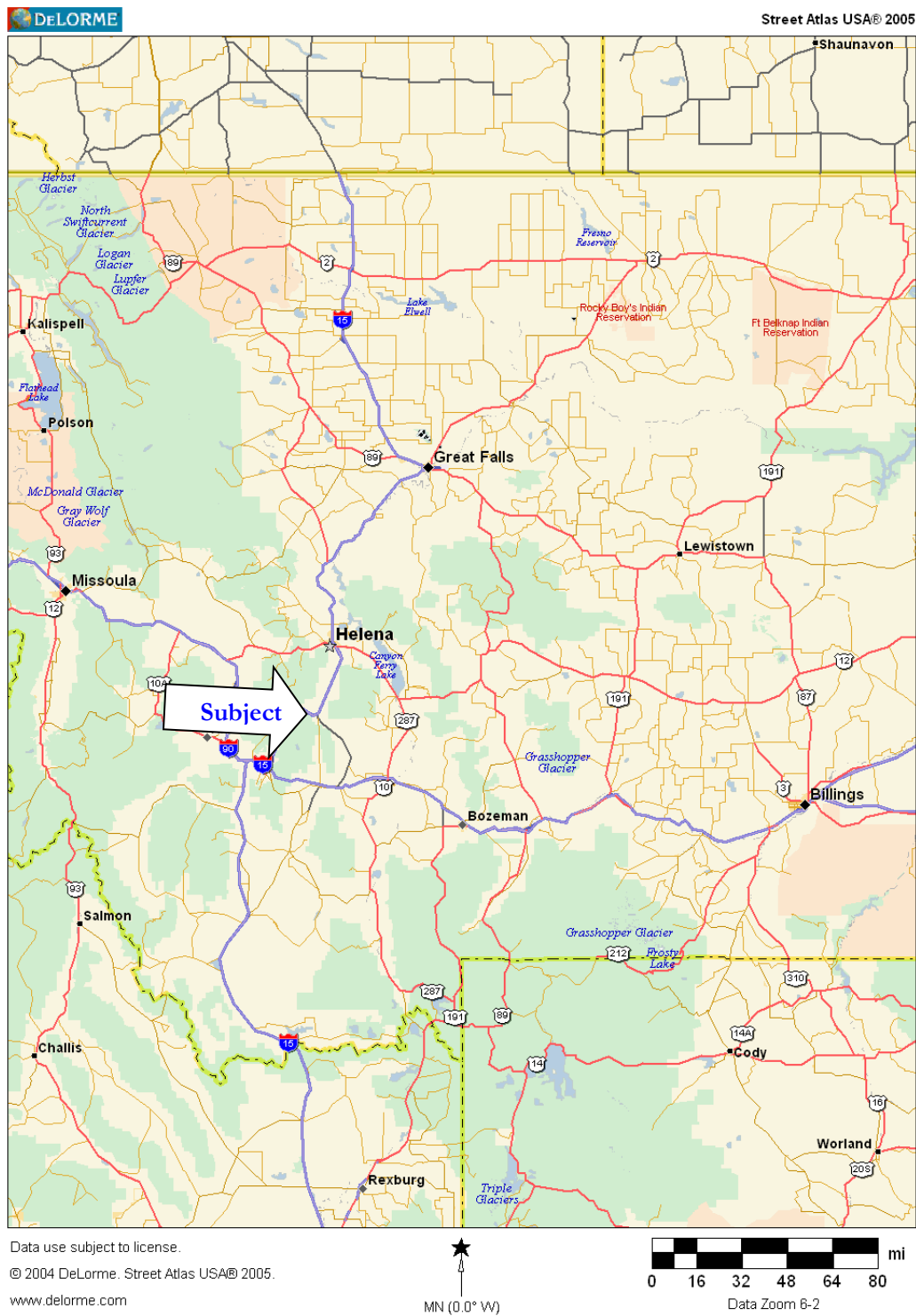
The definition of market value includes a condition that a reasonable time is allowed in the open market. The length of time that a property is exposed in the market impacts the number of potential buyers for the property. Longer exposure typically results in more potential buyers, and shorter exposure to the market typically results in fewer potential buyers. Logically, the number of potential buyers who are aware of a property's availability can influence the sale price. Each of the sales utilized within this analysis was reasonably exposed to the market and therefore potential buyers were able to consider these properties for purchase.

The subject has a variety of positive attributes such as:

- Proximity to Boulder
- Boulder River frontage
- Access to county roads and I-15
- Land productivity

Based upon analyzing the sales, listings, and discussions with various real estate professionals, it is my opinion a reasonable exposure time for the subject is six to twelve months.

REGIONAL MAP



REGIONAL ANALYSIS & NEIGHBORHOOD DATA/TRENDS

The subject property is located approximately just south of Boulder, along the northeast side of U.S. Highway 69.

Boulder is the county seat for Jefferson County. Jefferson County is quite large and extends almost from the city limits of Butte (± 60 miles to the south) to nearly the Helena city limits. North Jefferson County has seen significant growth in the past 10 years and specifically those areas lying adjacent to Helena and the Lewis and Clark County line. For the remainder of Jefferson County much of the economy is based on the mining and agricultural industry as well as state and federal employment opportunities.

Commercial development in North Jefferson County is primarily limited to the immediate areas surrounding the Interstate 15 interchanges. Known mostly for its rural residential settings, residential sites range in size from one acre to nearly an entire section, and agricultural land is still abundant.

The State of Montana, Department of Public Health and Human Services and Corrections has an appreciable presence in Boulder.

The subject is located south of Helena which is the county seat of Lewis and Clark County and the State Capital. Helena's economy has been experiencing moderate growth in recent years. The general area population is approximately 67,000 which consist of Lewis and Clark County, North Jefferson County and West Broadwater County.

The three communities, Montana City, Clancy and Jefferson City are each considered to be bedroom communities to Helena.

There is good highway and interstate access provided throughout the area with Interstate 15, Highway 12 East and West, and Highway 518 in the immediate vicinity. There are several airlines, railway, bus lines and motor freight carriers also providing good transportation throughout the area.

This general area attracts many tourists due to its central location in the State of Montana. There are a number of outdoor recreational opportunities with numerous rivers, lakes and mountain ranges in the immediate area. Overall, the State of Montana has become very popular over the past decade with tourism seeing a more significant role each year.

Northwestern Energy provides electrical service and natural gas throughout the area. Telephone and television service are also available throughout the area and both well and septic systems are commonly used.

REAL ESTATE TAXES

The Montana State Department of Revenue, working through each county courthouse, appraises all taxable real estate, presumably at market value. State law has prescribed that a re-evaluation plan be completed periodically.

The subject property is currently owned by the State of Montana and therefore is exempt from taxation. If the property were to transfer to private ownership the property would become subject to taxation pursuant to Montana Code and Administrative Rules.

The geo-code for the property is 51-1490-33-3-03-01-0000.

PROPERTY DESCRIPTION

Site

Size: The subject parcel consists of an undetermined number of surveyed acres.

Shape: The subject parcel is irregular in shape.

Topography: The topography of the subject is predominately level and portions along the northerly boundary is none productive agricultural land as a result the Boulder River.

Soil Conditions: Soil conditions are unknown. Along the river there is a considerable amount of rock. It was also reported the soils contain a high volume of rock.

Easements: A title policy should be used for the final determination of easements and encroachments.

Access: Access to the subject site is from U.S. Highway 69.

Utilities: None

Functional Adequacy: The majority of the property is productive grazing & grassland. The property is irrigated by means of flood irrigation

Flood Plain:

It was reported Jefferson County, Department of Environmental Health that the subject is located in an area not mapped by FEMA. This is noted on the following panel.



Areas of the subject have experienced flooding in previous years.

Nuisances or Hazards:

None of the surrounding uses appear to adversely impact the subject.

SUBJECT PHOTOGRAPHS



Looking south along the east boundary



Looking north along the east boundary

SUBJECT PHOTOGRAPHS



Looking west across the subject from the east boundary



Looking northwest across the subject from in close proximity to the northeast corner

SUBJECT PHOTOGRAPHS



Looking south across the subject from near the center of the property



Looking across the subject from near the center of the property.

SUBJECT PHOTOGRAPHS



Irrigation ditch



Boulder River along the north boundary

SUBJECT PHOTOGRAPHS



Looking east the subject north boundary.



Looking west across the additional parcels that could be included

ZONING

I contacted the Jefferson County Planning Department and it was conveyed to me there is no underlying zoning.

HIGHEST AND BEST USE

“The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible and that results in the highest value. Alternatively, the probable use of land or improved property – specific with respect to user and timing of the use – that is adequately supported and results in the highest present value.”¹

The definition above applies to the highest and best use of vacant land or improved property. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

Quite often in estimating the highest and best use of land, the appraiser is controlled by governmental regulations. These controls are generally zoning ordinance, parking requirements and building codes. Also, in the estimate of highest and best use, one must recognize the attitude of typical investors in the marketplace.

Real estate will usually fall into certain definite development patterns, and their uses can be classified as: residential, agricultural, recreational, industrial, commercial or public use. In valuing the highest and best use of the land both as if vacant and improved, the following criteria must be met:

- 1) Legally permissible
- 2) Physically possible
- 3) Financially feasible
- 4) Maximally productive

¹ *The Dictionary of Real Estate Appraisal*, 5th Ed. (Chicago: Appraisal Institute, 2010), s.v. “highest and best use.”

HIGHEST AND BEST USE AS VACANT

Legally Permissible

I spoke with Ellen Harne, City Planner, and she sent me Boulders preliminary zoning map and based upon the map, the subject is outside the city's zoning.

Physically Possible

The topography is predominately level pasture/grassland. Along the north boundary is the Boulder River, and portions are river bottom or non-productive ag land.

The subject is within an un-mapped FEMA zone and it was reported by the lessee the subject has experienced flooding from the Boulder River, especially areas in close proximity to the river.

Electrical service is in close proximity to the subject. There is good access from U.S. Highway 69.

Financially Feasible

Based upon the location and physical characteristics of the subject, the financially feasible use of the subject is for continued agricultural use.

Maximally Productive

The subject is productive grazing/grassland. Based upon the legal, physical and financially feasible uses, it is my opinion the maximally productive use of the site is for continued agricultural use.

Conclusion

Therefore, the highest and best use of the subject based upon the legally permissible, physically possible, financially feasible, and maximally productive, is agricultural.

PROPERTY VALUATION

Methods and/or Techniques Employed:

Whenever possible, all three basic approaches to value, cost, sales and income, are utilized. The resulting indications of value are then correlated into a final estimate of market value. In the course of investigating the marketplace where this valuation will be made, sufficient data was found to employ the sales comparison approach.

DEFINITIONS

Sales Comparison Approach:

A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison and making adjustments to the sales price of the comparable properties based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant.²

The reliability of this technique is depended upon (A) the availability of comparable sales data, (B) the verification of sales data, (C) the degree of comparability or extent of adjustment necessary for time differences, and (D) the absence of non-typical conditions affecting the sales price.

SITE VALUATION

The method employed to value the site as if vacant and available for sale is the Sales Comparison Approach. The determination of the highest and best use for the subject is agricultural. Based upon this highest and best use I researched the market for sales and listings of land purchased a similar use. I identified four sales. Montana is a non-disclosure State, which means sale prices of real estate is not public information.

Descriptive data of the sales are contained in a separate document for confidentially reasons.

²The Appraisal of Real Estate, 14th Edition, Page 47, 2013, sponsored by the Appraisal Institute.

LAND SALE MAP



LAND SALE GRID

Sale	Subject	#1	#2	#3	#4
Sale Date	NA	12/10/2020	6/4/2019	7/27/2018	4/6/2017
Location	Boulder, Jefferson County	Clyde Park, Park County	Gold Creek, Powell County	Silver Bow County	Gallatin County
Price	NA	\$1,350,000	\$225,000	\$148,000	\$1,490,000
Less irrigation equipment	NA	\$20,000	\$7,000	\$0	\$0
Land value	NA	\$1,330,000	\$218,000	\$148,000	\$1,490,000
Size (acres)	±216	598.157	65.01	76.63	1,939
\$/acre	NA	\$2,223	\$3,353	\$1,913	\$768
Location	Jefferson County	Park County	Gold Creek	Silver Bow County	Gallatin County
		Inferior	Similar	Inferior	Inferior
Use	Grazing/ Grasslands	Grazing/ Grasslands	Grazing/ Grasslands	Grazing	Grazing
Comparison		Similar	Similar	Inferior	Inferior
Irrigated	Flood	Pivot	Wheel	None	None
Comparison		Similar	Similar	Inferior	Inferior
Size (acres)	±216	598.157	65.01	76.63	1,939
Comparison		Inferior	Superior	Superior	Inferior
100% useable area	No	Yes	No	Yes	Yes
Comparison		Superior	Similar	Superior	Inferior

Sale No. 1 (\$2,223/acre) is the sale of a 598.157-acre parcel located approximately 9 miles east of Clyde Park, Park County. This sale included a center pivot which had a value of \$20,000. The contributory value of the pivot was deducted from the sale price. The property was listed at \$1,420,000 and was on the market for 9 days.

This sale is superior to the subject with regard to 100% useable, similar with regard to use and irrigation, but inferior regard location and size. Overall, this sale is similar to the subject.

Sale No. 2 (\$3,353/acre) is the sale of a 65.01-acre parcel located in Gold Creek, just south of I-90. This sale included a wheel-system which had a value of \$7,000. The contributory value of the wheel was deducted from the sale price. The property was listed at \$225,000 and was on the market for 51 days.

This sale is superior to the subject with regard to size, similar with regard to location, use, irrigation and useable area. Overall, this sale is superior to the subject.

Sale No. 3 (\$1,913/acre) is the sale of a 76.63-acre parcel located south of Butte, just west of I-15. This sale was listed at \$155,000 and was on the market for 1,624 days.

This sale is superior to the subject with regard to size and 100% usable area, but inferior with regard to location, use, irrigation. Overall, this sale is inferior to the subject.

Sale No. 4 (\$768/acre) is the sale of a 1,939-acre parcel located north of the I-90 Caldwell off-ramp. This sale was listed at \$1,490,000 and was on the market for 5 days.

This sale is superior to the subject with regard to size 100% usable area, but inferior with regard to location, use, irrigation and size. Overall, this sale is inferior to the subject.

The following table illustrates the price per acre of the sales along with the overall comparability.

Sale	\$/acre	Overall Comparability
Sale 4	\$768	Inferior
Sale 3	\$1,913	Inferior
Sale 1	\$2,223	Similar
Sale 2	\$3,353	Superior

The range of values on a price per acre basis varies. Based upon the aforementioned sales, coupled with discussions with numerous real estate professionals, it is my opinion a reasonable estimate of value for the subject \$2,300 per acre.

The following data sheets further describe the sale utilized in this appraisal.

Sale No. 1**Property Description**

Property Type	Agricultural
Property Location	Park County
Address	Approximately 9 miles east of Clyde Park, MT.
Geo-Code/Tax ID	49-1116-30-1-01-01-0000
Legal Description	598.157 acres, COS 2309, Section 30, T2N, R11E, Park County, MT

Photo Data

Taken By Cadastral

**Site Data**

Land Size	598.157 acres
Zoning	None
Topography	Generally level
Utilities	Electricity
Shape	Rectangular
Flood Information	Not within a flood zone
Current Use	Agricultural

Sale Data

Grantor	Pishkun Corporation
Grantee	Willow Creek Land Company, II, LLC
Sale Price	\$1,350,000 (see comments)
Instrument	Warranty Deed
Recorded	12/10/2020
Recording Info	D413073
Financing	Cash to seller
Access	Robinson Bench Road
Confirmation	MLS
Confirmation Date	3/10/2020

Sale Indications

Price per acre $\$1,350,000 - \$20,000 = \$1,330,000 \div 598.157 \text{ acres} = \$2,223/\text{acre}$

Additional Comments This sale 598.157 acres approximately 9 miles east of Clyde Park. The sale included a center pivot that had a contributory value of \$20,000.

Sale No. 2

Property Description

Property Type	Agricultural
Property Location	Powell County
Address	Gold Creek Road, Gold Creek
Geo-Code/Tax ID	28-1879-36-2-01-05-0000
Legal Description	Tract 2A, Plat C-602, Schmucker Minor Subdivision, Gold Creek, Powell County, Montana

Photo Data

Taken By Cadastral



Site Data

Land Size	65.01 acres
Zoning	None
Topography	Generally level
Utilities	Electricity
Shape	Rectangular
Flood Information	Not within a flood zone
Current Use	Agricultural

Sale Data

Grantor	Unknown
Grantee	Lyon Ranch, LLC
Sale Price	\$225,000 (see comments)
Instrument	Warranty Deed
Recorded	6/4/2019
Recording Info	178513
Financing	Cash to seller
Access	Gold Creek Road
Confirmation	MLS
Confirmation Date	3/10/2020

Sale Indications

Price per acre $\$225,000 - \$7,000 = \$218,000 \div 65.01 \text{ acres} = \$3,353/\text{acre}$

Additional Comments This sale consists of 65.01 acres located at Gold Creek. This sale included a wheel-line and hand lines, that had a contributory value of \$7,000.

Sale No. 3**Property Description**

Property Type	Agricultural
Property Location	Silver Bow County
Address	Seven Springs Road, Butte, Montana
Geo-Code/Tax ID	01-1093-23-2-01-20-0000
Legal Description	Lot 34, Fleecer View Estates, Phase 2, Silver Bow County, Montana

Photo Data

Taken By Cadastral

**Site Data**

Land Size	76.63 acres
Zoning	None
Topography	Generally level
Utilities	Electricity
Shape	Irregular
Flood Information	Not within a flood zone
Current Use	Agricultural

Sale Data

Grantor	Unknown
Grantee	Dulce Coulson
Sale Price	\$148,000
Instrument	Notice of Purchasers Interest
Recorded	7/27/2018
Recording Info	698730
Financing	Cash to seller
Access	Seven Springs Road
Confirmation	MLS
Confirmation Date	3/10/2020

Sale Indications

Price per acre $\$148,000 \div 76.63 \text{ acres} = \$1,913/\text{acre}$

Additional Comments This sale consists of 76.63 acres located approximately eight miles south of Butte and just west of I-15. The property is grazing land.

Sale No. 4**Property Description**

Property Type	Agricultural
Property Location	Gallatin County
Address	Shoddy Springs Road
Geo-Code/Tax ID	51-1103-07-1-01-01-0000, 51-1103-08-1-01-01-0000, 51-1103-09-1-01-01-0000
Legal Description	Sections 7, 8 & 9, T2N, R1W, Gallatin County, Montana

Photo Data

Taken By Cadastral

**Site Data**

Land Size	1,939 acres
Zoning	None
Topography	Generally level
Utilities	Electricity
Shape	Rectangular
Flood Information	Not within a flood zone
Current Use	Agricultural

Sale Data

Grantor	Gilkey
Grantee	ERB Farms, LLC
Sale Price	\$1,490,000
Instrument	Warranty Deed
Recorded	4/6/2017
Recording Info	262458
Financing	Cash to seller
Access	Shoddy Springs Road
Confirmation	MLS
Confirmation Date	3/10/2020

Sale Indications

Price per acre $\$1,490,000 \div 1,939 \text{ acres} = \$768/\text{acre}$

Additional Comments This sale consists of 1,939 acres located approximately eight miles south of Butte and just west of I-15. The property is grazing land.

RECONCILIATION AND CONCLUSION

Within this analysis I have established an indication of value for the site by means of land sales. The sales utilized are the best identified and extracted from the market.

Considering each of the indications, it is my opinion the market value of the subject property on January 31, 2020, was:

\$2,300 per acre

VALUE ESTIMATE AND CERTIFICATION

The undersigned does hereby certify that, to the best of his knowledge and belief, except as otherwise noted in this appraisal report:

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and/or those found in the letter of engagement or appraisal consultation contract authorizing this report and is my personal, impartial, and unbiased professional analysis, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting a predetermined value.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal. This appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.
- My analysis, opinions and conclusions were developed, and this report has been prepared, in conformity with The Uniform Standards of Professional Appraisal Practice and with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
- I have made a personal inspection of the subject property.
- No one provided significant appraisal assistance with required signing the report.
- I have not appraised, reviewed, or offered consulting with respect to the subject property within three years of the date of acceptance to appraise the property.
- Gregory A. Thornquist is currently licensed in the State of Montana (Certificate #867) as a Certified General Real Estate Appraiser. Regarding the Competency Provision of USPAP, I further attest I've had substantial approved education and experience in the appraisal of various property types.

Based upon all the elements of which I am aware, and which could reasonably affect value, I have estimated market value of the subject, as of January 31, 2020 was:

\$2,300 per acre

A handwritten signature in dark ink, appearing to read 'G. A. Thornquist', with a small '87' written below the first initial.

Gregory A. Thornquist
Montana State Certified
General Real Estate Appraiser
License # REA-RAG-LIC-867
3/18/2020

ADDENDA

FOR DNRC USE ONLY

Amount under this Agreement: \$2,500.00

Source of Funds

Fund Name

Trust Land Exchange Administration

Fund No.

02912

Subclass

555HA

Org. No.

6045-M

Percent

100%

Approved

No. 205071

Division Land

Legal 4

F.S.O. CP



**TRUST LAND MANAGEMENT DIVISION
APPRAISAL OF STATE OWNED LANDS TO BE EXCHANGED IN JEFFERSON COUNTY**

THIS CONTRACT is entered into by and between the State of Montana, Department of Natural Resources and Conservation, (hereinafter referred to as "the State"), whose address and phone number are P.O. Box 201601, 1539 11th Avenue, Helena, MT 59620-1601, (406) 444-1445 and, Elkhorn Appraisal Services (Contractor), whose address and phone number are PO Box 448, Helena, MT 59624, and (406) 449-7646.

1. EFFECTIVE DATE, DURATION, AND RENEWAL

1.1 Contract Term. The contract's initial term is upon contract execution, through April 30, 2020, unless terminated earlier as provided in this contract. In no event is this contract binding on the State unless the State's authorized representative has executed it in Section 35. **The appraisal reports are to be completed and forwarded to DNRC, Mark Harvel, Lands Section Supervisor at P.O. Box 201601, 1539 11th Avenue, Helena, MT 59620-1601 by March 15, 2020.**

1.2 Contract Renewal.

N/A

2. COST ADJUSTMENTS – N/A

2.1 Cost Increase by Mutual Agreement.

3. SERVICES AND/OR SUPPLIES

Contractor shall provide the State the following: the contractor shall be responsible for providing two (2) credible appraisals, for the parcels in Jefferson County, as described in Attachment B, Montana

DNRC Trust Land Management Division Supplemental Appraisal Instructions. The appraisals will be Appraisal Reports, conducted and prepared in compliance with the Uniform Standards of Professional Appraisal Practice that will describe adequately, the information analyzed, appraisal methods and techniques employed, and reasoning that support the analyses, opinions and conclusions.

Attachment A and B are attached hereto and incorporated herein by reference.

The appraisals must comply with the instructions in Attachment A, Scope of Work for Appraisal of Potential Lease on Lands of the State of Montana, and all provisions in the body of this contract including the following:

- 1) The appraisal report will be one document containing the property data and analysis, opinions, and conclusions of value for the properties. If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing the specific market data as a stand-alone document, which must be reviewed and accepted along with the appraisal and can be returned to the appraiser for retention in his/her files. The appraiser must submit an electronic copy as well as a printed copy of the appraisal report.
- 2) The definition of market value is that as defined in **12 C.F.R 34.42(h)**.

4. WARRANTIES

4.1 Warranty of Services. Contractor warrants that the services provided conform to the contract requirements, including all descriptions, specifications and attachments made a part of this contract. The State's acceptance of services provided by Contractor shall not relieve Contractor from its obligations under this warranty. In addition to its other remedies under this contract, at law, or in equity, the State may, at Contractor's expense, require prompt correction of any services failing to meet Contractor's warranty herein. Services corrected by Contractor shall be subject to all the provisions of this contract in the manner and to the same extent as services originally furnished.

5. CONSIDERATION/PAYMENT

5.1 Payment Schedule. In consideration of the successful submission of each appraisal report to be provided, the State shall pay Contractor the following amounts:

Appraisal Report #1 is for Parcel 1 @ One Thousand Two Hundred Fifty Dollars and No/100 (\$1,250.00),

Appraisal Report #2 is for Parcel 2 @ @ One Thousand Two Hundred Fifty Dollars and No/100 (\$1,250.00).

The contractor shall, at no additional expense to the State, correct unsatisfactory work before payment is made.

In No case shall the State's total cumulative payment under this contract exceed Two Thousand Five Hundred dollars and No/100 (\$2,500.00).

5.2 Withholding of Payment N/A

5.3 Payment Terms. Unless otherwise noted in the solicitation document, the State has thirty (30) days to pay invoices, as allowed by 17-8-242, MCA. Contractor shall provide banking

information at the time of contract execution in order to facilitate the State's electronic funds transfer payments.

5.4 Reference to Contract. The contract number MUST appear on all invoices, packing lists, packages, and correspondence pertaining to the contract. If the number is not provided, the State is not obligated to pay the invoice.

5.5 Fuel Surcharge - N/A

6. PREVAILING WAGES REQUIREMENTS - N/A

7. ACCESS AND RETENTION OF RECORDS

7.1 Access to Records. Contractor shall provide the State, Legislative Auditor, or their authorized agents access to any records necessary to determine contract compliance. The State may terminate this contract under section 20, without incurring liability, for the Contractor's refusal to allow access as required by this section. (18-1-118, MCA.)

7.2 Retention Period. Contractor shall create and retain all records documenting the Appraisal Report for a period of eight years after either the completion date of this contract or termination of the contract.

8. ASSIGNMENT, TRANSFER, AND SUBCONTRACTING

Contractor may not assign, transfer, or subcontract any portion of this contract without the State's prior written consent. (18-4-141, MCA.) Contractor is responsible to the State for the acts and omissions of all subcontractors or agents and of persons directly or indirectly employed by such subcontractors, and for the acts and omissions of persons employed directly by Contractor. No contractual relationships exist between any subcontractor and the State under this contract. Contractor is responsible to ensure that any assignee, transferee or subcontractor is subject to all of the terms and conditions of this Contract as fully set forth. Consent of the State to assign, transfer or subcontract any portion of this Contract does not relieve the Contractor in any manner of its responsibilities under this Contract.

9. HOLD HARMLESS/INDEMNIFICATION

9.1 Claims under this provision also include any claim arising out of or in any way connected with Contractor's breach of this contract, including any claims asserting that any of the Contractor's employees are actually employees of the state or common law employees of the state or any of its agencies or political subdivisions, including but not limited to excise taxes or penalties imposed on the State under Internal Revenue Code §§ 4980H, 6055 or 6056 and any subsequent amendments or additions to these Sections. Contractor shall be responsible for implementation of all aspects of the Affordable Care Act as this Act may apply to Contractor and shall be responsible for any violations including any sanction, penalty, fee or tax and shall indemnify the State and hold harmless and defend the State for any omission or failure of Contractor to meet its obligations under Sections 13 and 14.

9.2 Contractor agrees to protect, defend, and save State, its elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, causes of action of any kind or character, including the cost of defense thereof, arising in favor of Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in

any way resulting from the acts or omissions of Contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of State, under this Contract.

10. CONTRACTOR REGISTRATION (for construction) - N/A

11. CONTRACTOR WITHHOLDING (for construction) – N/A

12. REQUIRED INSURANCE

12.1 General Requirements. Contractor shall maintain for the duration of this contract, at its cost and expense, insurance against claims for injuries to persons or damages to property, including contractual liability, which may arise from or in connection with the performance of the work by Contractor, agents, employees, representatives, assigns, or subcontractors. This insurance shall cover such claims as may be caused by any negligent act or omission.

12.2 Primary Insurance. Contractor's insurance coverage shall be primary insurance with respect to the State, its officers, officials, employees, and volunteers and shall apply separately to each project or location. Any insurance or self-insurance maintained by the State, its officers, officials, employees, or volunteers shall be in excess of Contractor's insurance and shall not contribute with it.

12.3 Specific Requirements for Commercial General Liability. – N/A

12.4 Specific Requirements for Automobile Liability. Contractor shall purchase and maintain coverage with split limits of \$500,000 per person (personal injury), \$1,000,000 per accident occurrence (personal injury), and \$100,000 per accident occurrence (property damage), OR combined single limits of \$1,000,000 per occurrence to cover such claims as may be caused by any act, omission, or negligence of Contractor or its officers, agents, representatives, assigns, or subcontractors.

The State, its officers, officials, employees, and volunteers are to be covered and listed as additional insureds for automobiles leased, hired, or borrowed by Contractor.

12.5 Specific Requirements for Professional Liability. Contractor shall purchase and maintain occurrence coverage with combined single limits for each wrongful act of \$500,000 per occurrence and \$500,000 aggregate per year to cover such claims as may be caused by any act, omission, negligence of Contractor or its officers, agents, representatives, assigns, or subcontractors. Note: If "occurrence" coverage is unavailable or cost prohibitive, Contractor may provide "claims made" coverage provided the following conditions are met: (1) the commencement date of this contract must not fall outside the effective date of insurance coverage and it will be the retroactive date for insurance coverage in future years; and (2) the claims made policy must have a three-year tail for claims that are made (filed) after the cancellation or expiration date of the policy.

12.6 Deductibles and Self-Insured Retentions. Any deductible or self-insured retention must be declared to and approved by the State. At the request of the State either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as pertain to the State, its officers, officials, employees, or volunteers; or (2) at the expense of Contractor, Contractor shall procure a bond guaranteeing payment of losses and related investigations, claims administration, and defense expenses.

12.7 Certificate of Insurance/Endorsements. A certificate of insurance from an insurer with a Best's rating of no less than A- indicating compliance with the required coverage's, has been received by the State, PO Box 201601, Helena, MT 59620-1601.

Contractor must notify the State immediately of any material change in insurance coverage, including but not limited to changes in limits, coverage's, and status of policy. The Contractor must provide the State with copies of insurance policies upon request.

13. COMPLIANCE WITH WORKERS' COMPENSATION ACT

Contractor shall comply with the provisions of the Montana Workers' Compensation Act while performing work for the State of Montana in accordance with 39-71-401, 39-71-405, and 39-71-417, MCA. Proof of compliance must be in the form of workers' compensation insurance, an independent contractor's exemption, or documentation of corporate officer status. Neither Contractor nor its employees are State employees. This insurance/exemption must be valid for the entire contract term and any renewal. Upon expiration, a renewal document must be sent to the State, PO Box 201601, Helena, MT 59620-1601.

14. COMPLIANCE WITH LAWS

14.1 Federal, State, or Local laws, Rules, and Regulations. Contractor shall, in performance of work under this contract, fully comply with all applicable federal, state, or local laws, rules, and regulations, including but not limited to, the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. The State may audit or request from Contractor at any time a statement that it is fully compliant with all requirements of this Section.

14.2 Contractor as Employer under the Patient Protection and Affordable Care Act and this Contract. The Contractor is the employer for the purpose of providing healthcare benefits and paying any applicable penalties, fees and taxes under the Patient Protection and Affordable Care Act [P.L. 111-148, 124 Stat. 119]. Contractor represents and warrants that all individuals who perform services for an agency of the State for Contractor under this Contract are without exception Contractor's common law employees at all times and that Contractor acknowledges that Contractor has the responsibility and retains the obligation to direct and control its employees providing services under this Contract for the term of this Contract. Contractor is responsible for providing healthcare benefits for its employees under the Patient Protection and Affordable Care Act.

14.2.1 State Benefits Plans. Contractor acknowledges and agrees that it, its agents or employees are not employees of the State and that its agents or employees have no nexus with the State to participate in any of the State's benefits plans or programs that the State offers its employees and maintains for its employees.

14.2.2 Contractor Provided Health Care Coverage. Contractor shall, if required by the Patient Protection and Affordable Care Act, offer to all its agents or employees who perform services for the State under this contract for 30 or more hours a week and for employee's or agent's dependents under age 26 health care coverage under its health care plans. Such coverage must provide minimum essential coverage and minimum value and be affordable for purposes of the employer responsibility provisions under Section 4980H of the Code and otherwise satisfy the requirements of Code 4980H if provided by the State. It shall be contractor's sole responsibility to determine applicability and compliance requirements that may apply to Contractor under the Patient Protection and Affordable Care Act.

14.2.3 Contractor Reporting Requirements. Contractor acknowledges that if it is subject to any reporting requirements under Code §§ 6055 and 6066 that Contractor will fully comply with any required reporting with respect to individuals who perform services for the State.

14.3 Any partial or whole assignment, transfer or subletting or subcontracting by Contractor subjects subcontractors to the same provisions of this Section and it is the responsibility of the Contractor to ensure any agreement to assign, transfer, sublet or subcontract binds any successor to this Contract in whole or in part or binds any subcontractor to all the terms and conditions of this Contract as if a party to the Contract from inception..

14.4 In accordance with 49-3-207, MCA, Contractor agrees that the hiring of persons to perform this contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin of the persons performing this contract.

15. COMPLIANCE WITH DARK MONEY SPENDING DISCLOSURE REQUIREMENTS - N/A

16. DISABILITY ACCOMMODATIONS

The State does not discriminate on the basis of disability in admission to, access to, or operations of its programs, services, or activities. Individuals who need aids, alternative document formats, or services for effective communications or other disability related accommodations in the programs and services offered are invited to make their needs and preferences known to this office. Interested parties should provide as much advance notice as possible.

17. REGISTRATION WITH THE SECRETARY OF STATE

Any business intending to transact business in Montana must register with the Secretary of State. Businesses that are incorporated in another state or country, but which are conducting activity in Montana, must determine whether they are transacting business in Montana in accordance with 35-1-1026 and 35-8-1001, MCA. Such businesses may want to obtain the guidance of their attorney or accountant to determine whether their activity is considered transacting business.

If businesses determine that they are transacting business in Montana, they must register with the Secretary of State and obtain a certificate of authority to demonstrate that they are in good standing in Montana. To obtain registration materials, call the Office of the Secretary of State at (406) 444-3665, or visit their website at <http://sos.mt.gov>.

18. INTELLECTUAL PROPERTY/OWNERSHIP

18.1 Mutual Use. Contractor shall make available to the State, on a royalty-free, non-exclusive basis, all patent and other legal rights in or to inventions first conceived and reduced to practice or created in whole or in part under this contract, if such availability is necessary for the State to receive the benefits of this contract. Unless otherwise specified in a statement of work, both parties shall have a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use copyrightable property created under this contract. This mutual right includes (i) all deliverables and other materials, products, modifications that Contractor has developed or prepared for the State under this contract; (ii) any program code, or site- related program code that Contractor has created, developed, or prepared under or primarily in support of the performance of its specific obligations under this contract; and (iii) manuals, training materials, and documentation. All information described in (i), (ii), and (iii) is collectively called the "Work Product".

18.2 Title and Ownership Rights. The State retains title to and all ownership rights in all data and content, including but not limited to multimedia or images (graphics, audio, and video), text, and the like provided by the State (the "Content"), but grants Contractor the right to access and use Content for the purpose of complying with its obligations under this contract and any applicable statement of work.

18.3 Ownership of Work Product. Contractor shall execute any documents or take any other actions as may reasonably be necessary, or as the State may reasonably request, to perfect the State's ownership of any Work Product.

18.4 Copy of Work Product. Contractor shall, at no cost to the State, deliver to the State, upon the State's request during the term of this contract or at its expiration or termination, a current copy of all Work Product in the form and on the media in use as of the date of the State's request, or such expiration or termination.

18.5 Ownership of Contractor Pre-Existing Materials. Contractor retains ownership of all literary or other works of authorship (such as software programs and code, documentation, reports, and similar works), information, data, intellectual property, techniques, subroutines, algorithms, methods or related rights and derivatives that Contractor owns at the time this contract is executed or otherwise developed or acquired independent of this contract and employed by Contractor in connection with the services provided to the State (the "Contractor Pre-existing Materials"). Contractor Pre-existing Materials are not Work Product. Contractor shall provide full disclosure of any Contractor Pre-Existing Materials to the State before its use and to prove its ownership. If, however, Contractor fails to disclose to the State such Contractor Pre-Existing Materials, Contractor shall grant the State a nonexclusive, worldwide, paid-up license to use any Contractor Pre-Existing Materials embedded in the Work Product to the extent such Contractor Pre-Existing Materials are necessary for the State to receive the intended benefit under this contract. Such license shall remain in effect for so long as such Pre-Existing Materials remain embedded in the Work Product. Except as otherwise provided for in Section 18.3 or as may be expressly agreed in any statement of work, Contractor shall retain title to and ownership of any hardware it provides under this contract.

19. **PATENT AND COPYRIGHT PROTECTION** – N/A

20. **CONTRACT PERFORMANCE ASSURANCE** – N/A

21. **CONTRACT TERMINATION**

21.1 Termination for Cause with Notice to Cure Requirement. The State may terminate this contract in whole or in part for Contractor's failure to materially perform any of the services, duties, terms, or conditions contained in this contract after giving Contractor written notice of the stated failure. The written notice must demand performance of the stated failure within a specified period of time of not less than 14 days. If the demanded performance is not completed within the specified period, the termination is effective at the end of the specified period.

21.2 Termination for Cause with Notice to Cure Requirement. Contractor may terminate this contract for the State's failure to perform any of its duties under this contract after giving the State written notice of the failure. The written notice must demand performance of the stated failure within a specified period of time of not less than 14 days. If the demanded performance is not completed within the specified period, the termination is effective at the end of the specified period.

21.3 Reduction of Funding. The State must by law terminate this contract if funds are not appropriated or otherwise made available to support the State's continuation of performance of this contract in a subsequent fiscal period. (18-4-313(4), MCA.) If state or federal government funds are not appropriated or otherwise made available through the state budgeting process to support continued performance of this contract (whether at an initial contract payment level or any contract increases to that initial level) in subsequent fiscal periods, the State shall terminate this contract as required by law. The State shall provide Contractor the date the State's termination shall take effect. The State shall not be liable to Contractor for any payment that would have been payable had the contract not been terminated under this provision. As stated above, the State shall be liable to Contractor only for the payment, or prorated portion of that payment, owed to Contractor up to the date the State's termination takes effect. This is Contractor's sole remedy. The State shall not be liable to Contractor for any other payments or damages arising from termination under this section, including but not limited to general, special, or consequential damages such as lost profits or revenues.

22. EVENT OF BREACH – REMEDIES

22.1 Event of Breach by Contractor. Any one or more of the following Contractor acts or omissions constitute an event of material breach under this contract:

- Products or services furnished fail to conform to any requirement;
- Failure to submit any report required by this Contract;
- Failure to perform any of the other terms and conditions of this Contract, including but not limited to beginning work under this Contract without prior State approval or breaching Section 27.1, obligations; or
- Voluntary or involuntary bankruptcy or receivership.

22.2 Event of Breach by State. The State's failure to perform any material terms or conditions of this contract constitutes an event of breach.

22.3 Actions in Event of Breach. Upon Contractor's material breach, the State may:

- Terminate this contract under section 21.1; or
- Treat this contract as materially breached and pursue any of its remedies under this contract, at law, or in equity.

Upon the State's material breach, the Contractor may:

- Terminate this Contract under Section 21.2 and pursue any of its remedies under this Contract, at law, or in equity; or
- Treat this Contract as materially breached and, except as the remedy is limited in this Contract, pursue any of its remedies under this Contract, at law, or in equity.

23. FORCE MAJEURE

Neither party is responsible for failure to fulfill its obligations due to causes beyond its reasonable control, including without limitation, acts or omissions of government or military authority, acts of God, materials shortages, transportation delays, fires, floods, labor disturbances, riots, wars, terrorist acts, or any other causes, directly or indirectly beyond the reasonable control of the nonperforming party, so long as such party uses its best efforts to remedy such failure or delays. A party affected by a force majeure condition shall provide written notice to the other party within a reasonable time of the onset of the condition. In no event, however, shall the notice be provided later than 5 working days

after the onset. If the notice is not provided within the 5 day period, then a party may not claim a force majeure event. A force majeure condition suspends a party's obligations under this contract, unless the parties mutually agree that the obligation is excused because of the condition.

24. WAIVER OF BREACH

Either party's failure to enforce any contract provisions after any event of breach is not a waiver of its right to enforce the provisions and exercise appropriate remedies if the breach occurs again. Neither party may assert the defense of waiver in these situations.

25. CONFORMANCE WITH CONTRACT

No alteration of the terms, conditions, delivery, price, quality, quantities, or specifications of the contract shall be granted without the State prior written consent. Product or services provided that do not conform to the contract terms, conditions, and specifications may be rejected and returned at Contractor's expense.

26. LIAISONS AND SERVICE OF NOTICES

26.1 Contract Liaisons. All project management and coordination on the State's behalf must be through a single point of contact designated as the State's liaison. Contractor shall designate a liaison that will provide the single point of contact for management and coordination of Contractor's work. All work performed under this contract must be coordinated between the State's liaison and Contractor's liaison.

Mark Harvel, Lands Section Supervisor, is the State's liaison.

Address: PO Box 201601

Helena, MT 59620-1601

Telephone: (406) 444-1445

Fax: (406) 444-2684

E-Mail: MHarvel@mt.gov

Greg Thornquist, Elkhorn Appraisal Services, is the Contractor's liaison.

Address: PO Box 448

Helena, MT 59624

Telephone: (406) 449-7646

Fax: (406) 449-7887

E-Mail: greg@elkhornappraisal.com

26.2 Notifications. The State's liaison and Contractor's liaison may be changed by written notice to the other party. Written notices, requests, or complaints must first be directed to the liaison. Notice may be provided by personal service, mail, or facsimile. If notice is provided by personal service or facsimile, the notice is effective upon receipt; if notice is provided by mail, the notice is effective within three (3) business days of mailing. A signed and dated acknowledgement of the notice is required of both parties.

26.3 Identification/Substitution of Personnel. – N/A

27. MEETINGS

27.1 Technical or Contractual Problems. Contractor shall meet with the State's personnel, or designated representatives, to resolve technical or contractual problems occurring during the contract term or to discuss the progress made by Contractor and the State in the performance of their respective obligations, at no additional cost to the State. The State may request the meetings as problems arise and will be coordinated by the State. The State shall provide Contractor a minimum of three full working day notice of meeting date, time, and location. Face-to-face meetings are desired; however, at Contractor's option and expense, a conference call meeting may be substituted. Consistent failure to participate in problem resolution meetings, two consecutive missed or rescheduled meetings, or failure to make a good faith effort to resolve problems, may result in termination of the contract.

27.2 Progress Meetings.

27.3 Failure to Notify.

27.4 State's Failure or Delay.

28. Transition Assistance

If this contract is not renewed at the end of this term, if the contract is otherwise terminated before project completion, or if particular work on a project is terminated for any reason, Contractor shall provide transition assistance for a reasonable, mutually agreed period of time after the expiration or termination of this contract or particular work under this contract. The purpose of this assistance is to allow for the expired or terminated portion of the services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to the State or its designees. The parties agree that such transition assistance is governed by the terms and conditions of this contract, except for those terms or conditions that do not reasonably apply to such transition assistance. The State shall pay Contractor for any resources utilized in performing such transition assistance at the most current contract rates. If the State terminates a project or this contract for cause, then the State may offset the cost of paying Contractor for the additional resources Contractor utilized in providing transition assistance with any damages the State may have sustained as a result of Contractor's breach.

29. CHOICE OF LAW AND VENUE

Montana law governs this contract. The parties agree that any litigation concerning this bid, proposal, or this contract must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana, and each party shall pay its own costs and attorney fees. (18-1-401, MCA.)

30. TAX EXEMPTION

State of Montana is exempt from Federal Excise Taxes (#81-0302402) except as otherwise provided in the federal Patient Protection and Affordable Care Act [P.L. 111-148, 124 Stat. 119].

31. AUTHORITY

This contract is issued under authority of Title 18, Montana Code Annotated, and the Administrative Rules of Montana, Title 2, chapter 5.

32. SEVERABILITY CLAUSE

A declaration by any court or any other binding legal source that any provision of the contract is illegal and void shall not affect the legality and enforceability of any other provision of the contract, unless the provisions are mutually and materially dependent.

33. SCOPE, ENTIRE AGREEMENT, AND AMENDMENT

33.1 Contract. This contract consists of 11 numbered pages, Attachment A – Scope of Work and Attachment B – Supplemental Appraisal Instructions, pages 12-17. In the case of a dispute or ambiguity arising between or among the documents, the order of precedence of document interpretation is the same.

33.2 Entire Agreement. These documents are the entire agreement of the parties. They supersede all prior agreements, representations, and understandings. Any amendment or modification must be in a written agreement signed by all the parties.

34. WAIVER

The State's waiver of any Contractor obligation or responsibility in a specific situation is not a waiver in a future similar situation or is not a waiver of any other Contractor obligation or responsibility.

35. EXECUTION

The parties through their authorized agents have executed this contract on the dates set out below.

A scanned copy or facsimile copy of the original has the same force and effect as the original document.

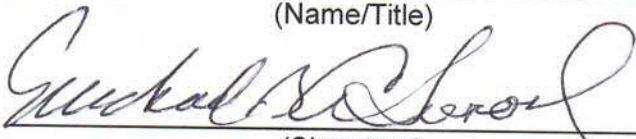
STATE OF MONTANA

Dept. Natural Resources & Conservation
Trust Land Management Division
P.O. Box 201601
1539 11th Avenue
Helena, MT 59620-1601

CONTRACTOR

Greg Thornquist
Elkhorn Appraisal Services
PO Box 448
Helena, MT 59624
FEDERAL ID #: 32-022P888

BY: Mike Atwood, Bureau Chief
(Name/Title)


(Signature)

DATE: 1/27/2020

BY: 
(Name/Title)

GREG THORNQUIST
(Signature)

DATE: 1/27/2020

Attachment A

Scope of Work for Appraisals of State Owned Lands to Be Exchanged In Jefferson County

Boulder, MT

CLIENT, INTENDED USERS, PURPOSE AND INTENDED USE:

The clients and intended users are the State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC). The purpose of the appraisals are to provide the clients with a credible opinion of current fair market value of the appraised subject properties and is intended for use in the decision-making process concerning the potential land exchange of said subject properties.

DEFINITIONS:

Market value. (12 C.F.R 34.42(h)) Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Highest and best use. The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

PROPERTY RIGHTS APPRAISED:

State of Montana lands are always to be appraised as if they are in private ownership and could be sold on the open market and are to be appraised in Fee Simple interest. For analysis purposes, properties that have leases or licenses on them are to be appraised with the Hypothetical Condition the leases/licenses do not exist.

EFFECTIVE DATE OF VALUATION AND DATE OF INSPECTION:

The latest date of inspection by the appraiser will be the effective date of the valuations.

SUBJECT PROPERTY DESCRIPTION & CHARACTERISTICS:

The legal descriptions and other characteristics of the state's two subject properties that are known by the state will be provided to the appraiser. However, the appraiser should verify, as best as possible, any information provided. Further, should any adverse conditions be found by the appraiser in the course of inspecting the properties and neighborhood, or through researching information about the properties, neighborhood and market, those conditions shall be communicated to the clients and may change the scope of work required.

ASSIGNMENT CONDITIONS:

The appraiser must be a Montana certified general appraiser and be competent to appraise the subject properties. The appraisals are to conform to the latest edition of USPAP, and the opinions of value must be credible.

The appraiser is to physically inspect the subject properties at a level that will allow the appraiser to render credible opinions of current market value of the properties, and the appraiser must have knowledge of the comparables through either personal inspection or with use of sources the appraiser deems reliable and must have at least viewed the comparables.

The appraiser will determine how best to provide market value conclusions on the highest and best use of the subject property. (Note: it may be possible that because of the characteristics of a subject property, and market, there may be different highest and best uses for different components of the property. Again, that will depend on the individual characteristics of the subject property and correlating market. The appraiser must look at what a typical buyer for the property would consider.)

Along with using the sales comparison approach to value in these appraisals, (using comparable sales of like properties), the appraiser will also consider the cost and income approaches to value. The appraiser will use those approaches, as applicable, to provide a credible opinion of value. Any approaches not used are to be noted, along with a reasonable explanation as to why the approach or approaches were not applicable.

The appraisals will be Appraisal Report(s) as per USPAP, that will describe adequately, the information analyzed, appraisal methods and techniques employed, and reasoning that support the analyses, opinions and conclusions. All hypothetical conditions and extraordinary assumptions must be noted. The appraisal on the state's lands must exclude licensee-owned improvements in the valuation. All appraisals are to describe the market value trends, and provide a rate of change, for the subject properties market.

MONTANA DNRC TRUST LAND MANAGEMENT DIVISION

Supplemental Appraisal Instructions

This Scope of Work and Supplemental Appraisal Instructions are to be included in the appraiser's addendum.

Subject Properties (Located in Jefferson County):

Parcel	Acres ±	Parcel Description
Trust Land Parcel	31.9	Unsurveyed parcel of Trust land in the NW1/4 of Section 33, T6N-R4W, Jefferson County, MT
Dept. of Corrections Parcel	216	Unsurveyed parcel of Dept. of Corrections land in Sections 3 & 4, T5N-4W; and Sections 33 & 34, T6N-R4W, Jefferson County, MT

The parcels described above are also displayed on the aerial photos below. The both parcels are relatively level. The Trust Land Parcel has been developed with public road and utility infrastructure. There are also nonpublic or trust improvements on the parcel, that should not be considered in the valuation. The Dept. of Corrections land is currently flood irrigated ag land and grazing land, with the Boulder River running through a portion of the parcel. Both parcels will have final surveys completed after the appraisal is accepted.

The opinions of value should be described in terms of a total value and a value/sq. foot or acre, for each parcel.

The appraiser is to provide an opinion of value for the Trust Land Parcel before concluding an opinion of value on the Dept. of Corrections parcel. The DNRC may change the size of the Corrections Parcel to be appraised, after receiving an appraised market value for the Dept. of Corrections Parcel.

DNRC Contact Information:

Mark Harvel
1539 11th Ave
Helena, MT 59620
Phone: (406) 444-1445
MHarvel@mt.gov

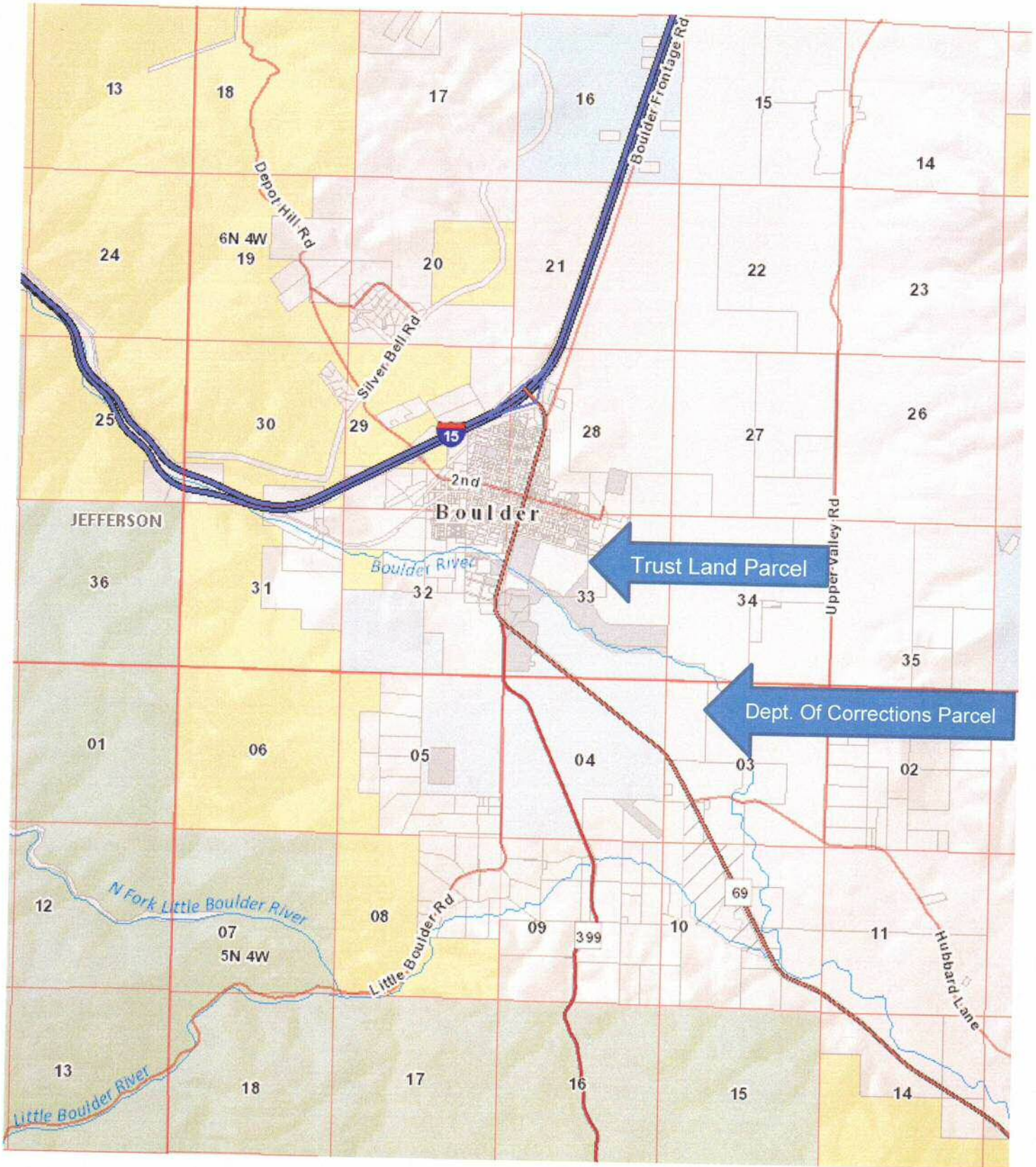
The following will be located in the body of the contract:

The appraisal report(s) will be one document containing the parcel data and the analysis, opinions, and conclusions of value(s) for the parcel(s). If deemed necessary by the contractor rather than including the specific market data in the appraisal report(s), a separate addendum may be submitted containing the specific market data as a stand-alone document, which must be reviewed and accepted along with the appraisals, and may be returned to the appraiser for retention in his/her files upon request. The appraiser must submit an electronic copy as well as a printed copy of the appraisal report(s).

The definition of market value is that as defined in 12 C.F.R 34.42(h).

The DNRC will provide access to each state parcel record, as maintained by the land offices, including but not limited to aerial photos, land improvements, current lease data (lease #, name of lessee, AUMs, acres, costs, etc.), property issues, surveys (if any), and production history.

Location Map

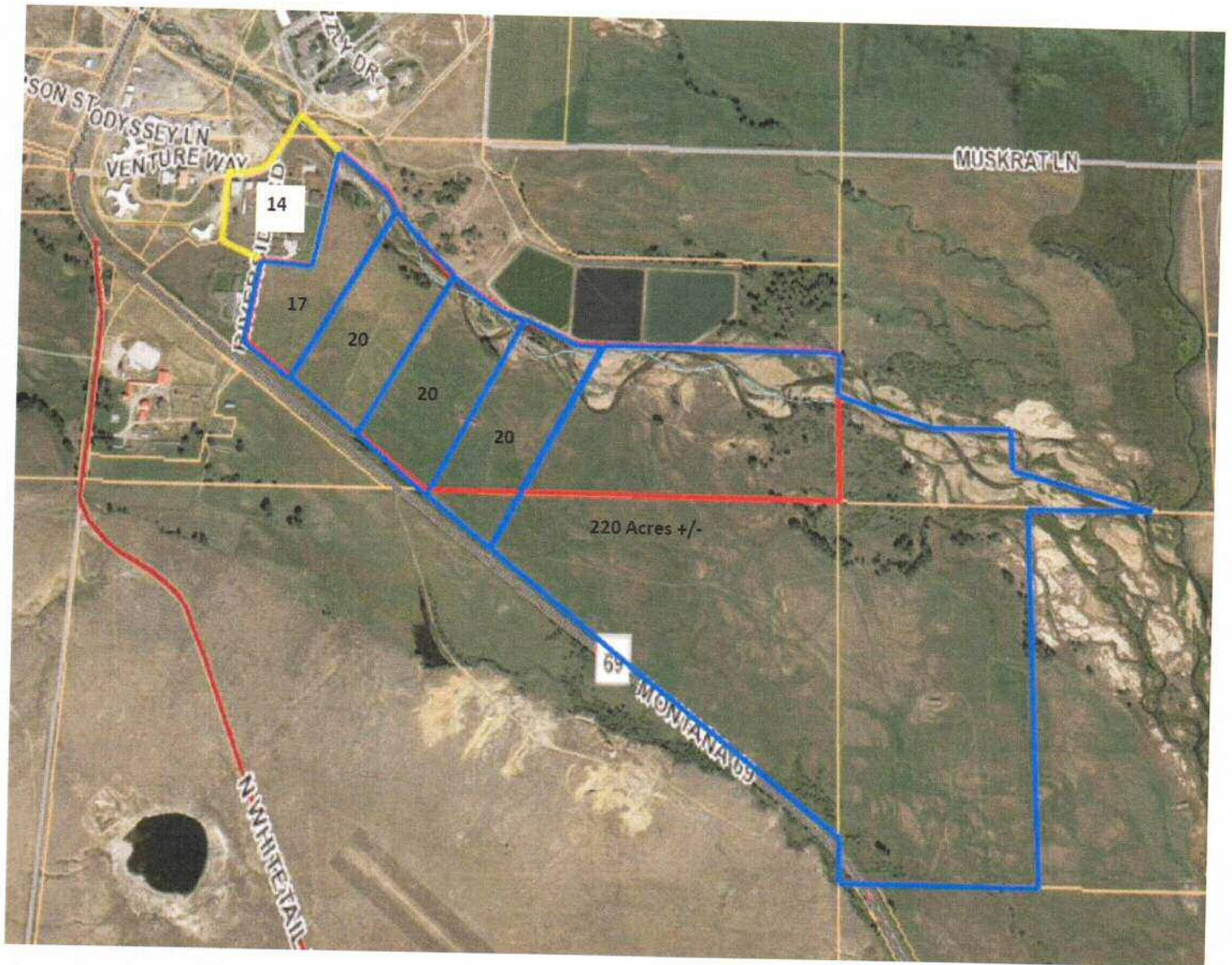


Aerial Photos

Trust Land Parcel



Dept. of Corrections Parcel



Gregory A. Thornquist
Elkhorn Appraisal Services
State of Montana, Certified General #867
P.O. Box 448
Helena, MT 59624

Appraisers Qualifications

EMPLOYMENT:	Present, Elkhorn Appraisal Services A real estate appraisal firm.	Helena, MT
	July 2006 to February 2008, Joki & Associates Real Estate Appraisers, Staff real estate appraiser.	Helena, MT
	July 1995 to July 2006, Montana State Tax Appeal Board, Board Member/Chairman	Helena, MT
	1993 - 1995, Rutherford & Associates Appraisals, Inc, Apprentice Appraiser	Billings, MT
	1987 - 1995, Thornquist Property Tax Consulting, Owner/ Tax Consultant	Billings, MT
EDUCATION:	Carroll College Business Studies	Helena, MT
	1984 - 1986 University of Northern Colorado Business Studies	Greeley, CO
	1983 Arapahoe Community College Business Studies	Littleton, CO
	Specialized Real Estate courses:	
	Report Writing American Society of Farm Managers and Rural Appraisers, January 30, 2018	
	National UPAP Update Course American Society of Farm Managers and Rural Appraisers, January 29, 2018	
	Uniform Appraisal Standards for Federal Land Acquisitions – Practical Applications Appraisal Institute, May 22 & 23, 2017	
	The Valuation of Intangible and Non Financial Assets American Society of Farm Managers and Rural Appraisers , Bozeman, February 22 & 23, 2017	
	National UPAP Update Course Appraisal Institute, January 25, 2016	
	Litigation Appraising: Specialized Topics and Applications Appraisal Institute, November 6 & 7, 2014	

General Appraiser Market Analysis and Highest & Best Use
Appraisal Institute, April 29-May 2, 2014

National USPAP Update Course
Appraisal Institute Seminar, January 31, 2014

Business Practices and Ethics
Appraisal Institute, September 13, 2013

National USPAP Update Course
Appraisal Institute Seminar, January 27, 2012

The Discounted Cash Flow Model: Concepts, Issues, and Apps
Appraisal Institute Seminar, October 5, 2010

Hotel Appraising – New Techniques for Today’s Uncertain Times
Appraisal Institute Seminar, October 4, 2010

Using Spreadsheet Programs in Real Estate Appraisals
Appraisal Institute Seminar, April, 2010

National USPAP Update Course
Appraisal Institute Seminar, February 5, 2010

Appraisal Curriculum Overview
Appraisal Institute Seminar, September 24-25, 2009

Requirements of UASFLA – The Yellow Book
American Society of Farm and Rural Appraisers, October 14, 2008

Office Building Valuation: A Contemporary Perspective
Appraisal Institute Seminar, September, 19, 2008

Report Writing and Valuation Analysis
Appraisal Institute, June, 2007

Uniform Standards of Professional Appraisal Practice (USPAP)
Lincoln Graduate Center, August, 2006

General Applications - Online Course
Appraisal Institute, January, 2006

Using Your HP-12C Financial Calculator - Online Course
Appraisal Institute, October, 2005

The Appraiser as an Expert Witness
Appraisal Institute, January, 2005

Separating Real & Personal Property from Intangible Business Assets
Appraisal Institute, October, 2003

Appraisal Procedures
Appraisal Institute, March, 2002

Partial Interest Valuation - Divided
Appraisal Institute, September, 2001

Litigation Skills for the Appraiser
Appraisal Institute, April, 2000

Residential Case Study
Appraisal Institute, June, 1999

Sales Comparison Valuation of Small Mixed Use Properties
Appraisal Institute, January, 1999

General Applications
Appraisal Institute, December, 1997

Basic Income Capitalization
Appraisal Institute, June, 1997

Income Approach to Valuation
International Association of Assessing Officers, October 1990

Other Related Training

Administrative Law Fair Hearing
The National Judicial College, November, 1995

Logic and Opinion Writing for Administrative Law Judges
The National Judicial College, June, 1999

STATE CERTIFICATION: State of Montana, Certified General #867, Issued December, 2007

TYPICAL APPRAISALS: Multifamily, office, skilled nursing/convalescent facility, retail, commercial, industrial, special purpose, residential condominiums, vacant land, residential and commercial subdivision land.

CLIENTS: Wells Fargo Bank, Stockman Bank, Opportunity Bank, Valley Bank of Helena, United States of America – Department of Veterans Affairs, State of Montana – Department of Natural Resources, State of Montana – Fish Wildlife and Parks, Lewis and Clark County, City of Helena, Butte-Silver Bow County, First Community Bank, Bank of Baker, 1st Interstate Bank, Citizens State Bank, Western Security Bank, First Montana Bank, Mountain West Bank, Rocky Mountain Bank, Amegy Bank, Allstate Appraisal Services, and other private parties.

ORGINIZATIONS/BOARDS:

- General Manager for the Helena American Legion Baseball (2016 – current)
- Board Member – Montana Real Estate Appraiser's (2017 – current)
- Board Member – American Legion Institute of Family Living, Broadwater Village Apartments (2017 – current)
- American Legion (2015 – current)

MILITARY SERVICE:

United States Navy – 1978 – 1982, Honorable Discharge



State of Montana
Business Standards Division
Board of Real Estate Appraisers

REA-RAG-LIC-867

Status: **Active**
Expires: **03/31/2021**

GREGORY THORNQUIST
1522 CHOTEAU ST
HELENA, MT 59601

This certificate verifies licensure as:

CERTIFIED GENERAL APPRAISER

With endorsements of:

* **REAL ESTATE APPRAISER MENTOR**



Montana Department of
LABOR & INDUSTRY

RENEW OR VERIFY YOUR LICENSE AT:
<https://ebiz.mt.gov/pol>